

Message Text

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43

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FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 3663

C O N F I D E N T I A L ALGIERS 0114

E.O. 11652: GDS

TAGS: PFOR, US, AG

SUBJECT: U.S.-ALGERIAN RELATIONS

1. CALLED ON SECRETARY GENERAL OF FOREIGN MINISTRY ABDEL MALEK BENHABYLES JANUARY 16 TO GIVE HIM REPORT ON MY RECENT CONSULTATIONS IN WASHINGTON AND TO DISCUSS CURRENT STATE US-ALGERIAN RELATIONS IN LIGHT SAHARAN AND ANGOLAN PROBLEMS. (HIS REMARKS ON ANGOLA AND SAHARA ARE REPORTED SEPARATELY.)

2. I BEGAN BY NOTING THAT NEXT DAY WOULD BE FIRST ANNIVERSARY OF MY PRESENTATION OF LETTERS OF CREDENCE. DURING THAT PERIOD THERE HAD BEEN PRECEPTIBLE IMPROVEMENT IN OUR RELATIONS AND WE HOPED IT WOULD CONTINUE. ON ECONOMIC SIDE, PROGRESS EVIDENT. BUSINESS WAS GOOD. AS EXAMPLE, PRESIDENT OF MAJOR AMERICAN FIRM HAD BEEN IN TO SEE ME DAY BEFORE AND HAD SAID HIS FIRM INTERESTED IN CONTRACTS HERE VALUED AT OVER \$1 BILLION. HIS WAS ONE OF FOUR FIRMS APPARENTLY BEING CONSIDERED FOR AWARD OF ARZEW LNG CONTRACT ABANDONED BY CHEMICO. EXIM BANK WAS STILL DISPOSED LOOK POSITIVELY ON FINANCING PROJECTS IN ALGERIA, ALTHOUGH CURVE OF CREDITS, WHICH APPROACHING \$1 BILLION AFTER ONLY FIVE YEARS, COULD NOT CONTINUE AT PREVIOUS RATE. ALGERIANS HAD RAISED WITH US QUESTION OF COOPERATION IN SUPPLY OF TECHNICIANS AND EXPERTS. UNFORTUNATELY, WE WERE NOT IN POSITION SUPPLY COOPERANTS IN SAME MANNER FRENCH WERE. WE WERE, HOWEVER, PREPARED HELP

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ALGERIANS IN RECRUITING OF EXPERTS AT THEIR OWN EXPENSE AND

I WOULD BE DISCUSSING WITH FOREIGN MINISTRY IN NEXT FEW DAYS. ON QUESTION LNG IMPORTS, NO DECISION HAD BEEN TAKEN. OUR POLICY STILL BEING HAMMERED OUT, BUT WE WELL AWARE OF ALGERIAN CONCERNS THIS REGARD. ON WHOLE, I THOUGHT THE BALANCE SHEET WAS POSTIVE, WITH EXCEPTION OF SAHARA AND ANGOLA, ON WHICH WE HAD OBVIOUS DIFFERENCES.

3. BENHABYLES SAID ALGERIANS ALSO HOPED IMPROVEMENT WOULD CONTINUE. FACT THAT AMERICAN FIRM WOULD PROBABLY GET ARZEW CONTRACT WAS GOOD SIGN. IT WOULD PREVENT SPECULATION THAT THERE HAD BEEN POLITICAL MOTIVATION BEHIND CHEMICO'S DEPARTURE. HE HOPED THAT IN GENERAL WE WOULD MAKE ECONOMIC DECISIONS ON ECONOMIC, NOT POLITICAL GROUNDS. LNG POLICY WAS FOR US TO DECIDE, BUT IT WAS IMPORTANT WE LET ALGERIANS KNOW WHAT WE PLANNED TO DO, BECAUSE LNG EXPORTS WERE VITAL TO DEVELOPMENT PLANS AND THEY NEEDED MAKE ALTERNATIVE ARRANGEMENTS IF WE WERE NOT GOING TO BUY. WITH REGARD SECURITY OF SUPPLY, WHICH I HAD MENTIONED IN DESCRIBING OUR INTERNAL POLICY DEBATE, SUPPLY FROM ANY SOURCE COULD BE INTERRUPTED FOR ONE REASON OR ANOTHER. HE UNDERSTOOD OUR CONCERN BUT DID NOT THINK ALGERIA ANY WORSE RISK THAN ANY OTHER TRADING PARTNER IN THIS RESPECT. HE THEN MOVED ON TO ANGOLA AND SAHARA.

4. COMMENT: REPORT ABOVE CONVERSATION NOT SO MUCH FOR INTRINSIC IMPORTANCE BENHABYLES REMARKS AS FOR WHAT IT SAYS ABOUT GOA ATTITUDES. BENHABYLES REACTION IS SMALL SAMPLE, BUT IT IS ANOTHER STRAW IN WIND CONFIRMING OUR IMPRESSION THAT FOR TIME BEING, AT LEAST, ALGERIANS ARE GOING TO CONTINUE TO SEPARATE THEIR POLITICAL DIFFERENCES FROM THEIR ECONOMIC INTERESTS AND ARE GOING TO WANT BUSINESS AS USUAL. AMERICAN BUSINESSSMEN AT OUR BIMONTHLY LUNCHEON PAST WEEK REPORT THEY HAVE SENSED NO CHANGE IN ATTITUDES TOWARDS THEM IN RECENT MONTHS, AND WE CONTINUE RECEIVE NORMAL TREATMENT FROM OUR GOA CONTACTS. FRENCH AMBASSADOR REPORTS SIMILAR SITUATION, EVEN THOUGH FRENCH BEING VILLIFIED DAILY IN LOCAL PRESS. SPLIT-LEVEL DIPLOMACY IS ORDER OF THE DAY. PARKER

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